

## **FY 2017 Enterprise Risk Ranking Results and Next Steps**

### **December 12, 2017**

**Objective:** Discuss FY 2017 enterprise risk ranking results. Review next steps and timeline.

#### **1. Enterprise Risk Ranking Results**

- See attachments A and B

#### **2. Next Steps and Timeline**

- See attachments C

#### **Background:**

1. Obtained initial risk assessment results from NPMs in August.
2. Briefed Acting DAAs/DRA to share risk assessment analysis and gain feedback.
3. During meeting with Acting DAAs/DRA it was noted that the Top 3 risks would require action plans, consistent with priority projects.
4. Based on Acting DAA/DRA feedback the approach was updated to obtain risk voting on all 27 significant risks.
5. Highlighted Lead Region engagement with NPMs and Regional input to risk ranking voting.
6. Obtained risk ranking voting from AAs/RAs/DAAs/DRA to determine the Top 3 risks.
7. Briefed COO and Acting DA on enterprise risk ranking results and gain approval on next steps.

### Attachment A: Enterprise Risk Ranking Results

Significant Risk	Rank 1	Rank 2	Rank 3	Total
Acquisition/Contracting – Delays in awards of contracts	7	1	0	8
Budget/Funding – Reduced capacity/resources for EPA implementation	4	2	3	10
Budget/Funding – Reductions in funding levels	6	4	3	13
Human Resources – Staff reductions	3	2	6	11
Human Resources – Sustaining the workforce	0	6	4	10
Aging Infrastructure – Facility and equipment management	0	0	0	0
Aging Infrastructure – Aging water infrastructure	3	1	1	5
Budget/Funding – Decreased funding for state programs	0	1	0	1
Budget/Funding – Reduced state grant appropriations	0	0	0	0
Budget/Funding – Reduced capacity/resources for state and local environmental programs	1	0	0	1
Budget/Funding – Shrinking state and tribal resources	1	1	0	2
Budget/Funding – Water Infrastructure Finance; Small and Rural Communities' Ability to Pay	1	0	0	1
Budget/Funding – Compliance and enforcement	2	0	0	2
Data and IT/IM – Inadequate IT infrastructure and records management system	0	0	4	4
Data and IT/IM – Lack of analytics development and institutionalization	0	0	0	0
Data and IT/IM – Insufficient systems and tools to support the Agency mission	0	3	4	7
Data and IT/IM – Insufficient investment in innovation	0	0	0	0
Data and IT/IM – Innovation lag	0	0	0	0
Human Resources – Inefficient HR and contract support functions	0	1	0	1
Pollutants and Contaminants – Drinking Water Contaminant Challenges	1	4	0	5
Pollutants and Contaminants – Emerging Contaminants	0	2	3	5
Programmatic Litigation – On-going litigation (e.g., NESHAPs, NSPS, SIPS, etc.)	0	0	1	1
State/Tribal Implementation and Joint Governance – Existing Chemicals Risk Evaluations and Risk Management - Inability to complete on schedule and/or address identified risks effectively	0	0	0	0

<b>State/Tribal Implementation and Joint Governance – ESA Consultation - Challenge in incorporating ESA consultations given short PRIA deadline</b>	0	1	0	1
<b>State/Tribal Implementation and Joint Governance – New Chemical Reviews - Inability to make New Chemicals determinations within statutory time frames</b>	0	0	0	0
<b>State/Tribal Implementation and Joint Governance – Strain on State and EPA capacity</b>	3	2	2	7
<b>State/Tribal Implementation and Joint Governance – State &amp; Tribal Oversight Challenges</b>	0	1	1	2

Total Respondents: 32

## Attachment B: Enterprise Risk Profile

Enterprise Risk Profile					
Risk Category	Description	Risk Type	Likelihood	Impact	Risk Score
Human Capital	EPA's ability to sustain workforce and retain expertise is at risk due to anticipated retirements and attrition. EPA is at risk of losing institutional knowledge.	Operational, Strategic	Very High	Very High	25
Resources	Uncertainty in funding levels and reductions in resources and personnel may impact EPA's ability to carry out work.	Strategic, Operational	High	High	16
Acquisition/Contracting	Complex processes and requirements across agency programs often prevent timely awarding of contract vehicles to meet agency demands.	Operational	Moderate	High	12

## **Attachment C: Next Steps and Timeline**

### **Next Steps for Priority Project Plans**

- Leverage acquisition/contracting priority project plan to incorporate enterprise risk
- Create two new priority project plans to address human capital and resource enterprise risks
  - Resource project plan led by OCFO
  - Human capital project plan led by OARM
- Steps for creating priority project plans
  - Identify and form priority project plan teams (no more than 10-12 people)
  - Identify OCI coaches to assist teams throughout project plan phases
  - Develop project plans and complete A3 templates
    - Create problem statements
      - Determine problems through information gathering
      - Determine the goal of priority project plans
    - Develop steps for implementing priority project plans

### **Timeline**

- Socialize enterprise risk ranking results and next steps with:
  - First Assistants (December 12)
  - DAAs/DRAs (December 21)
- Issue memo from David Bloom to agency senior leaders announcing enterprise risks and providing executive summary report (December 22)
- Draft two new priority project plans on human capital and resources due to OCFO/cc'ing OCI (January 31)
- Discuss progress updates on priority project plans as part of the FY 2018 Q1 Administrator's Quarterly Reviews (February)